

# How are Michigan Charter Public Schools Providing for Teacher Retirement?

## About Michigan's Charter Public School Community

- There are 230 charter public schools that enroll 100,000 students across Michigan.
- The Michigan Department of Education reports that Michigan charter public schools achieve academic success for their students while receiving per pupil funding of about \$7,175.\* This amount is \$2,289 less, on average, than the district where they are located.
- 66% of charter public schools students are minority, 51% qualify for free or reduced price lunch, and 9% are identified for special education services.

## About Michigan Charter Public School Teachers

- The average age of a charter public school teacher is 35 compared to 42 in a district public school.
- The education levels of charter public school teachers are comparable to those in district school classrooms. More than 98 percent of charter public school teachers have a bachelor's degree or higher. This number is just under 96 percent in district schools.
- The average charter public school teacher salary in 2005-06 ranged from \$23,000 - \$55,000, with an average of \$37,337. This amount was \$17,402 less than the statewide salary average of \$54,739 for district public school teachers. This is below the statewide salary average for traditional public schools partially because a smaller proportion of charter school teachers have more than ten years of seniority in their schools - at the top of their pay scales - compared to 25 or 30 years in traditional district schools.
- Most charter public school teachers receive medical, dental and vision benefits through major carriers.
- Teachers and administrators who are employed directly by a charter public school board are, by law, automatically included in MPSERS.



\* All amounts given reflect 2005-06 funding levels

## Retirement Information

- There are approximately 5,000 certified teachers/administrators in Michigan charter public schools. Approximately 70%, of these teachers (3,850) are hired outside of MPSERS, with the remaining 1,150 as active MPSERS members.
- Some Michigan charter public schools pay into MPSERS, usually for employees hired who already have "time" in the system and want to continue to earn retirement under the system.
- Michigan charter public schools not participating in MPSERS offer very competitive, portable, 401(k) retirement plans.

## Examples

- First 401(K) example:** Charter public school staff can contribute what they wish. Under IRS guidelines, the school matches 5%, and can contribute up to 10% based on the success of the school. The combination of the amounts makes it very competitive to MPSERS in terms of dollars in. There is no healthcare component.
- Second 401(k) example:** Employees are required to contribute at least 3%, match is 50 cents to the dollar to a limit of 5% total.

The savings realized by participating in a private 401(k) plan vs. participating in MPSERS can be significant. One charter public school in the state recently changed its retirement plan to 401(k) and realized immediate estimated savings of \$73,000 in the first year alone. Down the road, the change also provides a cost containment strategy that eliminates any risk associate with rising MPSERS costs.

## Bottom Line

- Teachers and administrators at charter public schools share the concern about the health of MPSERS long term and are interested in the solutions you may develop.
- Charter public schools will also be forced to book unfunded pension liability by MPSERS on their fund balances
- Charter public schools, by having choice, also have the freedom to create their own solutions that are good for teachers through competitive benefits, efficient use of taxpayer funds and to parents by compensating quality certified teachers.

## Contact Information

Stephanie Van Koevering  
Executive Director  
Michigan Council of Charter School  
Authorizers  
517-487-4848  
Stephanie@mccsa.us

Dan Quisenberry  
President  
Michigan Association of Public School  
Academies  
"Michigan's Charter Schools"  
517-374-9167  
dquisenberry@charterschools.org

